

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6633

BILL NUMBER: SB 249

DATE PREPARED: Feb 23, 2002

BILL AMENDED: Feb 21, 2002

SUBJECT: Cumulative Capital Improvement Fund.

FISCAL ANALYST: Bob Sigalow

PHONE NUMBER: 232-9859

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: (Amended) This bill expands the purposes for which a city or town may use money in the cumulative capital improvement fund to: (1) design, develop, purchase, lease, upgrade, maintain, or repair computer equipment, software, networks, and access systems; (2) pay for the services of computer maintenance employees; (3) conduct in-service technology training; and (4) undertake Internet application development.

The bill also allows a unit or the trustees of a fire protection district to use money in a cumulative firefighting building and equipment fund to purchase land for use by the fire department or volunteer fire department.

Effective Date: July 1, 2002.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Municipalities:* Under current law, a city or town may have two Cumulative Capital Improvement (CCI) Funds. One is funded with property tax levies and the other with cigarette tax distributions. SEA 441 (2001) allowed for additional uses of money collected in the CCI-Levy Fund. This bill would make the same changes to the approved uses of the CCI-Cigarette Tax Fund.

Under current law, a city or town may use money in its CCI-Cigarette Tax Fund to:

- Purchase buildings, land, easements, or rights-of-way;
- Construct or improve city owned property; or
- Retire bonds issued for one of the above purposes.

In addition to the above current uses of the CCI-Cigarette Tax Fund, this bill would allow a city or town to

use money in the fund to design, develop, purchase, lease, upgrade, maintain, or repair computer hardware and software, wiring and computer networks, and communication access systems. The bill would also allow the fund to be used to pay for computer maintenance employees, conduct nonrecurring inservice technology training of unit employees, and to undertake Internet application development.

The statewide total revenue in the CCI-Cigarette Tax Fund is estimated at \$10.5 M for CY 2001. CY 2001 appropriations were approved at \$16.5 M. (This is a cumulative fund, so balances may carry over from year to year.)

This bill does not change the unit's levy authority or the amount that the units will receive from Cigarette Tax. It only expands the possible uses of the fund. If, as a result of this bill, a city or town uses money in the CCI-Cigarette Tax Fund for one of the new uses, then the unit might have to curtail spending for other current uses of the fund.

Fire Departments: Under current law, a municipality, township, or a fire protection district may use money in its cumulative building and equipment fund to purchase equipment and to purchase, construct, renovate, or add to buildings used by the fire department or a volunteer fire department that serves the unit. Municipalities may also use money in the fund to purchase police radio equipment. In addition to these authorized expenditures, this bill would allow units to purchase land with money in the fund. This provision would not increase any levy authority. It only expands the possible use of money that can now be raised..

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Cities; Towns; Townships; Fire protection Districts.

Information Sources: Local Government Database.